

2017-2018 BUDGET QUESTION
Response to Request for Information

DEPARTMENT: Human Resources

REQUEST NO.: 155

REQUESTED BY: Troxclair

DATE REQUESTED: 9/5/17

DATE POSTED: 9/8/17

REQUEST: Please explain the significant decrease in the ending balance for the Employee Benefits Fund from FY 2016 Actual to the FY 2017 Amended and FY 2018 Proposed Budgets.

RESPONSE: If the reserves are not spent during the fiscal year, the reserves are included in the ending balance of the Employee Benefits Fund (EBF). The FY 2016 Actual ending balance of \$23,628,056 includes \$14,547,827 of unspent reserves. The ending balances for FY 2017 and FY 2018 will increase if reserves are unspent.

The reserves are required by Financial Policy, which is located in Volume II, page 837 of the FY 2018 Proposed Budget. The EBF is required to maintain a cash balance equal to anticipated end-of-year claims incurred but not paid, along with other current liabilities. FY 2017 and FY 2018 represent the claims projections assessed by Willis Towers Watson, the city's actuary. If claims experience is favorable then the reserves will remain unspent.

The ending balance with reserves for the FY 2017 Amended and FY 2018 Proposed Budget are shown below.

| | FY 2017 Amended Budget | FY 2018 Proposed Budget |
|---|-----------------------------------|------------------------------------|
| Claims Reserves | \$12,503,507 | \$13,686,996 |
| Stop Loss Reserves | \$ 2,700,000 | \$ 3,600,000 |
| Ending Balance | \$ 4,086,603 | \$ 4,749,531 |
| Ending Balance with Unspent Reserves | \$19,290,110 | \$22,036,527 |